



DAILY LIVESTOCK REPORT

By Dennis Smith

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Resistance in Feb Hogs Likely to Hold

LEAN HOGS:

Cash was pounded lower yesterday which explains the sluggish/lower performance of the Dec hogs in the face of a resounding rally on the rest of the board. The move yesterday in Feb on back was impressive. Still, the seasonal tendencies are lower until deeper into the month of Dec. Caution is advised and restraint in regards to adding to length and bullish positions. Most likely major resistance at 6900 in the Feb won't be penetrated on this round of strength. The move yesterday was sponsored by the news that the weekly harvest of pigs will fall well shy of projections....again. Buyers were also inspired by confirmation that ASF continues to spread in China. Before the year is out I expect the Chinese to drop their tariff against U.S. pork. Weekly export data will be released Friday morning. Hog weights, reported yesterday, are down 2.4 pounds from last year which is very supportive to prices.

LIVE CATTLE:

This is the most quiet live cattle futures rally that I can recall. There is simply no front-running story or development to explain the action. So it's likely a combination of several factors. Weights have peaked, grading has improved dramatically providing packers with more prime and choice beef to sell, vastly increasing the value of every beef carcass processed, feedlots are in poor condition, demand is expected to remain good to excellent and fund players appear to be increasing their net long position. Feeders have bottomed and they should rally along with LC into the end of the year or into early Jan. The ever important Dec seasonal low in LC was likely put in place last week. We're still waiting for widespread cash steer trade to develop. Asking prices are clustered around \$1.20.

For a free 30-day trial to the evening livestock wire that includes a midday pork and beef update, please send an email to: dennis.smith@archerfincials.com

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